

PUBLIC CHAPTER NO. 580**HOUSE BILL NO. 1826**

**By Representatives Bone, Fitzhugh, Cooper, Bass, Pitts, Shaw, Harry
Brooks, Bibb**

Substituted for: Senate Bill No. 1740

**By Senators Ketron, Black, Burchett, Stanley, Tate, Marrero, Kurita, Burks,
Raymond Finney**

AN ACT to amend Tennessee Code Annotated, Title 67, Chapter 3,
relative to biodiesel.

WHEREAS, our national and state leaders including the governor of Tennessee, the United States congress, and the president, have all stated that it is in the nation's best interest to decrease our dependency on foreign oil, increase our use of alternative and renewable fuels, and support the emerging industries which will help us achieve those goals; and

WHEREAS, the Tennessee general assembly finds that the use of biodiesel and other alternative, renewable fuels assists in protecting our natural resources, benefits the economy, and improves the health of Tennessee citizens; and

WHEREAS, the Tennessee general assembly finds further that the use of alternative, renewable fuels like biodiesel, which is made from domestic crops, will boost our own rural agricultural economy; and

WHEREAS, the Tennessee general assembly finds further that the use of alternative renewable fuels like biodiesel, assists with reducing our air pollution and improves our state's air quality; now, therefore,

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 67-3-103, is amended by inserting the following language as a new, appropriately numbered subdivision:

() "Biodiesel" means mono-alkyl esters of long chain fatty acids derived from vegetable oils or animal fats that meet the registration requirements for fuels and fuel additives established by the environmental protection agency under the Clean Air Act and which conform to ASTM D6751 specifications for use in diesel engines. Biodiesel is a clean burning, biodegradable, nontoxic, alternative fuel, produced from domestic, renewable resources, especially agricultural products. Pure biodiesel contains no petroleum, but it can be blended at any level with

petroleum diesel to create a biodiesel blend (B%) which can be used in compression-ignition (diesel) engines;

SECTION 2. Tennessee Code Annotated, Title 67, Chapter 3, Part 4, is amended by adding the following language as a new, appropriately designated section:

§ 67-3-423.

(a) The department of revenue, in consultation with the department of economic and community development, is authorized to create the Tennessee biodiesel manufacturers' incentive fund. Disbursements from such fund shall be subject to appropriations being made from the fund in the general appropriations act. Amounts remaining in the fund at the end of each fiscal year shall not revert to general fund but shall remain available for expenditure in subsequent fiscal years. Money in the fund shall be invested by the state treasurer pursuant to title 9, chapter 4, part 6, for the sole benefit of the fund. All earnings attributable to such investments shall be credited to the fund. Money in the biodiesel manufacturers' incentive fund may be used by the department of economic and community development for program administration, marketing expenses and program evaluation; however, such expenses shall not exceed five percent (5%) of the total amount appropriated for the fund in any fiscal year.

(b) In any fiscal year in which funds are available in the biodiesel manufacturers' incentive fund and appropriated by the general appropriations act, the department of economic and community development shall make incentive payments to Tennessee biodiesel manufacturers for product manufactured in Tennessee and sold to a Tennessee distributor. Such payments shall be made monthly beginning the first day of September of each fiscal year in which funds are available and appropriated. The amount of such payments shall be determined by the department of economic and community development, in consultation with the department of revenue, annually based on the funds then available in the biodiesel manufacturers' incentive fund. Each manufacturer shall be eligible for payment for no more than ten million (10,000,000) gallons per year.

SECTION 3. This act shall take effect June 1, 2007, the public welfare requiring it, and is hereby repealed effective July 1, 2013.

PASSED: June 12, 2007



JIMMY NAIFEH, SPEAKER
HOUSE OF REPRESENTATIVES



RON RAMSEY
SPEAKER OF THE SENATE

APPROVED this 27th day of June 2007



PHIL BREDESEN, GOVERNOR